

VZCZCXYZ0022
PP RUEHWEB

DE RUEHSF #0331 1441306
ZNR UUUUU ZZH
P 231306Z MAY 08
FM AMEMBASSY SOFIA
TO RHEBAAA/DEPT OF ENERGY WASHINGTON DC PRIORITY
INFO RUEHC/SECSTATE WASHDC PRIORITY 5073
RUEHBS/USEU BRUSSELS

UNCLAS SOFIA 000331

SIPDIS
SENSITIVE

DOE FOR NICHOLAS CARLSON, KATHARINE FREDRIKSEN
DEPARTMENT FOR EUR DAS BRYZA AND GARBER, EEB FOR SMANN
USEU FOR SPECIAL ENVOY GREY

E.O. 12958: N/A
TAGS: [ENRG](#) [SENV](#) [APER](#) [BU](#)
SUBJECT: SOFIA: STRATEGIC LOCATION FOR DOE ENERGY ATTACHE

¶1. (SBU) The Department of Energy's Attache Program is a resounding success. As DOE considers possible locations for its next Energy Attache, Embassy Sofia encourages a hard look at the superior value we offer. An office here would bracket coverage, analysis, and advocacy in Russia, the Caspian, the Middle East and Eastern Europe.

The Strategic Case

¶2. (SBU) Hydrocarbon-poor, energy inefficient and keen on getting guaranteed oil and natural gas supply, Bulgaria and its neighbors have established energy partnerships with Russia that are having a profound impact on Europe's energy security. A Sofia-based Energy Attache could cover the developments in a strategic region encompassing "mid-stream" countries from Turkey to Austria -- pipeline projects, Russian investment and intentions, energy relations between midstream countries and their upstream and downstream partners, and EU energy dynamics.

¶3. (U) Bulgaria is putting itself on the energy map:
-- Hosting one existing gas pipeline and five potential oil and gas pipelines (Nabucco, South Stream, Burgas-Alexandroupolis, AMBO, and a Turkey-Greece-Italy Interconnector hook-up);
-- Reaching out to Azerbaijan, Kazakhstan, Dubai, Egypt and Iraq for oil, gas and LNG;
-- Building nuclear plants: Atomsroyexport and Siemens/Areva are building two new VVER-1000 reactors, and Bulgaria is hedging its bets with talk of building two other reactors (Kozolduy 7 and 8) in which Westinghouse has expressed very preliminary interest -- all in the drive to regain its place as a net electricity exporter;
-- Proposing itself as the home of a new, EU Energy Observatory, part of the EU's proposed energy early warning system;
-- Winning the competition (against London) for international energy infrastructure firm Worley Parsons, which chose Sofia as its new "Pipeline Center of Excellence" which will employ several hundred specialists to handle the firm's oil and gas pipeline consultation and engineering business for all of Europe and Africa.

The Programmatic Case

¶4. (U) The United States has a central piece of nuclear developments here. In April 2008, the United States and Bulgaria signed a Nuclear Fuel Return Agreement to allow U.S. and Bulgarian experts to remove spent nuclear fuel from the ITR-2000 reactor in Sofia and safely transport the fuel to Russia, its original source. The agreement will open the door to multi-million dollar upgrades and refurbishments funded by the U.S., Bulgaria and IAEA to transform the aging ITR-2000 reactor into a safe, state-of-the-art 200Kw research and training reactor, the most advanced in southeastern Europe. The whole project will entail substantial DOE personnel and financial support.

¶5. (SBU) During PM Stanishev's June visit we will sign a Second Line of Defense Program MOU with Bulgaria, under which DOE will provide more than USD 20 million over several years for installation of and training in radioactivity detectors at all Bulgaria's land crossings, seaports and airports. A Sofia-based Energy Attache would spearhead the Washington-based SLD office on the extensive planning, installation and training the SLD program will require.

The Business Case

¶6. (U) Embassy Sofia is an award-winning new chancery complex. We have great, available space. We boast fabulous, highly educated, highly skilled and highly motivated employees. Wages are fractions of west European levels, and we provide superior productivity and efficiency. Per diem rates are far below central and west European cities while direct air flights to Moscow and west European capitals are readily available; airfares to Washington are substantially cheaper than from other possible hub locations. The Anglo-American School has its own award winning complex here and supports an IB program. The Foreign Agriculture Service, FBI, Department of Justice and U.S. Secret Service have all chosen Sofia as a regional base.

¶7. (U) We are convinced we offer a strong combination of strategic, programmatic and economic factors. We invite DOE's due diligence, confident we have a compelling case.

KARAGIANNIS